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**Remarks to the Committee for the Economic Development of  
Australia – As Prepared for Delivery**

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**Introduction**

Thank you Suzanne for that kind introduction.

I am delighted to be here today. It is my great privilege to serve as U.S. Ambassador to Australia. Australia is a long way from the U.S., but Australians have welcomed us with exceptional warmth and hospitality. Mimi and I often feel like we are back home in the American “Deep South” experiencing that legendary Southern hospitality. Rather than “Y’all come back now, you hear,” we are told “G’ud onya.” It amounts to the same thing.

And just like Southerners, Australians love Bar-B-Que. My home town of Memphis, Tennessee is world famous for its “dry” pork ribs from the Rendez-Vous restaurant, so famous in fact that the President and Japanese Prime Minister Koizumi went there for lunch after their outing to Elvis’ Graceland mansion. Australians have even gone to the extent of fixing us the Aussie equivalent to make us feel at home, and it is much appreciated.

Growing up in a post-World War II Memphis, I witnessed a time of profound change for the United States. At the time, I did not realize there was a place on the other side of the globe going through the same changes. Here in Australia,

you also persevered through a Great Depression, you also fought a war to defeat fascism, and you also successfully transitioned to a post-war economy.

Spearheading many of these economic efforts was Sir Douglas Copland. Sir Douglas saw how international events were changing the world, and he knew Australia's economy had to change with it. His policies set Australia on a path towards economic stability and prosperity. His influence continues to this day with all of you at CEDA.

Since CEDA's inception in 1960, we have seen monumental changes in the world. From the telegram to the mobile phone, from the typewriter to the P.C. and the internet, the world has become much more globally interconnected. During this time of profound change, Australia did not retreat from international challenges, and CEDA was there to analyze and assess the economic currents and cross-currents. CEDA has been instrumental in keeping Australia at the forefront of economic liberalization.

As our nations move forward in the 21<sup>st</sup> century, we must continue to bring security and prosperity not only to our own citizens but the citizens of other nations in this region as well. To do so, Australia and the U.S. must be even more engaged than ever before with the rest of the world. Our countries will develop new trade partners through the exchange of ideas and goods. We will forge new friendships by combating instability.

Since 1945, the Asia-Pacific region has emerged as a critical participant in the world's economy. Despite zero increase in the region's share of the world population, its share of global economic output has gone from negligible levels to over one-third today. Its share of world exports now stands at over one-quarter. Asia is the fastest growing economic region in the world and contributes close to 50 percent of global growth. Hundreds of millions of people in the Asia-Pacific have been lifted out of poverty by this economic expansion.

How did this happen? Well, at the risk of preaching to the converted, one key part of the answer is trade and successful integration into the world economy. On a societal level, we benefit from the trade in ideas; whether it is new technology, innovative commercial practices, imaginative business strategy, or wise economic policy. On an individual/personal level, we benefit from a higher standard of living through better and cheaper goods and services. Growth, prosperity and stability require not only sound domestic policy but also active participation and engagement with the outside world.

The international political and economic architecture that guides the region today exists largely as a result of decades of effort done by the many outward-looking nations including, of course, Australia and the United States.

Today, the United States is deeply engaged in the Asia-Pacific region and is working ever harder to make this architecture continue to work for the benefit of our region. The U.S. is supportive of growing regional cooperation among Asian nations because it offers new avenues for productive collaboration and growing prosperity across the Pacific.

### **APEC**

There is no more important regional economic forum for the U.S. in Asia than APEC. As President Bush and Secretary Rice said at the Leaders Summit in Hanoi, APEC is the pre-eminent channel for U.S. economic engagement in the region.

The U.S. vision for APEC transcends customary cooperation and looks to the emergence of a true Asia-Pacific Economic Community, spanning the public sphere, the private sector, NGOs, academia, and civil society. The President and Secretary Rice also proposed that APEC should be at the forefront of regional economic integration and begin serious consideration of practical measures to achieve this. The other Leaders endorsed this proposal.

The U.S. and Australia remain partners in strengthening APEC and improving structural reforms in the region. Progress toward that goal has already kicked off this year with a highly successful series of senior officials' meeting in Canberra in January, and, in the year ahead, the U.S. will work under Australia's leadership with other APEC members to develop concrete initiatives to advance these goals.

### **DOHA**

Working along side Australia, we also continue to ensure that APEC provides strong support for an ambitious outcome in the WTO Doha Development Round. In Hanoi, APEC Leaders issued a strong statement reiterating their intent to complete the negotiations. One of the strongest passages in the pointed communiqué was this: "We are ready to break the current deadlock: each of us is committed to moving beyond our current positions in key areas of the Round." Make no mistake about it, the United States remains committed to a successful Doha Development agreement. We will pursue an aggressive, bold agenda, one that opens market and levels the competitive playing field for all WTO member countries.

The Doha Development Agenda remains the U.S. number one trade priority – and United States Trade Representative Susan Schwab and Australian Trade Minister Warren Truss have been working to keep the WTO talks alive. Ambassador Schwab was in Europe just this past week negotiating with other key players in an effort to hammer out a workable framework for the round.

### **Engagement in Asian Regional Architecture**

In addition to our work in APEC and in the WTO, America has a long history of engagement with the Association of Southeast Asian Nations, another cornerstone of regional architecture. As a dialogue partner in the ASEAN Regional Forum – the chief venue to address regional security issues – the United States is at the center of efforts to build cooperation and reduce potential causes of conflict. For example, we co-chaired with the Philippines an ARF Inter-session Support Group on Confidence-Building Measures and Preventive Diplomacy in March 2006.

In November 2005, the United States and ASEAN launched the Enhanced Partnership Initiative, which will foster increased political, security and economic cooperation, as well as enhanced social and educational cooperation. Projects under the enhanced partnership have included post-tsunami assistance, research scholarships, artistic and cultural cooperation, a Trade and Investment Framework Agreement, and the development of a science and technology agreement.

Although the United States is not a member of the most recent addition to regional architecture – the East Asian Summit – we are studying how the EAS relates to ASEAN and APEC, and we are considering what role we might play.

### **Security Engagement in Asia**

Developing strong trade ties depends upon preserving peace and stability. It is beyond question that, along with Australia, the U.S. has been a major supporter of the stability that has contributed enormously to growing prosperity in the region. Countries will not be receptive to trade unless they know they are dealing with a stable and secure environment. Through diplomatic engagement and treaty alliances with Australia, Japan, South Korea, Thailand and the Philippines, the United States has given countries in the region the confidence that the U.S. security umbrella will prevent disputes from degenerating into conflict and instability.

Together Australia and America have deterred aggression, championed democratic development, supported human rights and freedom, and prevented any one nation or group from dictating the terms of security to any other. It is important to note that such bilateral and multilateral military cooperation also lays the foundation for cooperation in the case of natural disasters, pandemics, and other humanitarian emergencies.

### **Regional Peace and Stability**

Beyond the formal and informal regional groupings, we are working actively now to counter specific threats to regional stability. Recently, with our partners in the Six-Party Talks, we took an important step in our long-standing diplomatic efforts to persuade North Korea to forego its nuclear weapons program and give its people a more prosperous future. The Six-Party mechanism is the clearest

example of how we are engaged in the Asia-Pacific to promote peace and stability, but it is not the only one.

### **Trilateral Strategic Dialogue**

Another important multilateral initiative is the Trilateral Strategic Dialogue – or TSD. The United States, Australia, and Japan meet regularly at the Ministerial, Vice-Ministerial and Director levels to discuss challenges to global and regional stability and security. The TSD has given rise to parallel initiatives among our three countries in other areas as well, including counterterrorism and maritime security.

### **Proliferation Security Initiative (PSI)**

The Proliferation Security Initiative (PSI) is a response to the growing threat to international peace and security posed by attempts to acquire and spread weapons of mass destruction (WMD), their delivery systems, and related materials worldwide.

It aims to stop shipments of WMD by air, sea or land, through operational activities, including, if necessary, interdiction and boarding of foreign flag vessels reasonably believed to be carrying this dangerous cargo. PSI is a voluntary activity that builds on previous efforts by the international community to prevent proliferation of such items through existing treaties and regimes.

Perhaps the most important success of PSI was the disruption of the South Asian nuclear proliferation network headed by A.Q. Khan, which was set in motion in October 2003, when a vessel bound for Libya with illicit centrifuge equipment was seized. Only two months after the discovery, Libya renounced its pursuit of WMD and dismantled its program.

### **Engaging on Global Issues in the Region**

Over the past decade, the U.S. has increasingly engaged in Asia on global issues. Our joint development with Australia of the Asia Pacific Partnership on Clean Development and Climate, which is known by many here as AP6, is an innovative effort to develop practical, pro-growth solutions to the problem of climate change.

The United States joined with Australia, China, India, Japan, and South Korea – countries which together account for half of the world's economy, energy use, and global greenhouse gas emissions – to launch the Asia-Pacific Partnership on Clean Development and Climate in Sydney in January 2006.

The Partnership aims to develop and accelerate the deployment of cleaner and more efficient technologies and practices. Eight sector oriented government and industry groups have already initiated specific projects to address climate and pollution challenges.

The Partner countries will work with multilateral development banks on financing for initiatives and programs that will expand the use of technologies and practices designed to promote objectives of the Partnership.

This program includes the largest emitters of greenhouse gases, but, even more importantly, it involves the active participation of the private sector, which will play a far larger role than government in achieving our shared goal of clean development and climate objectives.

### **Avian Influenza and Pandemic Preparedness**

Another important global issue which the U.S. is working closely with Australia and other countries in the region is the response to avian influenza. Together we are seeking to improve preparation for the early identification and management of a possible pandemic outbreak.

With advances in global travel and trade, the world we live in today is far smaller than the one that confronted the last global pandemic. The potential social, economic and political consequences of a human pandemic could be devastating – and we know that the work we do today to prepare ourselves will save lives if that disaster were to develop.

Currently we are working with several countries that may not have sufficient resources. Our assistance will help prepare them for a potential human pandemic. Additionally, we are helping them to respond to the agricultural impact of the avian influenza virus. The U.S. and Australia are working closely together on these issues – bilaterally in several countries, and multilaterally through APEC, the United Nations organizations, and the International Partnership on Avian and Pandemic Influenza.

### **Bilateral Engagement**

A fourth aspect of United States engagement in the region is carried out through our extensive and deep interactions at the bilateral level with all of the countries in the region, including an evolving positive relationship with China. This relationship between two of the largest economies in the world is critical for global economic stability and for regional security in the Asia-Pacific.

### **U.S.-China Strategic Economic Dialogue**

China's economic boom has been both a challenge and an opportunity for the United States and other countries in the region. We all share an interest in China's continued prosperity, and this will require that China competes fairly in the international economic system in accordance with accepted international rules.

Over the past few decades, we have encouraged China to do precisely this through bilateral and multilateral dialogues and negotiations. At the multilateral level, we pressed China to make many hard choices in favor of a more open and

liberal economic system as a precondition for its entry into the WTO. The reforms it undertook to meet those obligations have contributed substantially to its growth over the past five years.

China still has a long way to go to manage its economy consistent with the practices of advanced market economies, so we have been intensifying our economic engagement to facilitate their progress along that path. Last December, Treasury Secretary Henry Paulson led a U.S. delegation to Beijing for the first U.S.-China Strategic Economic Dialogue. The depth of our determination to work with China is seen through the commitment of that delegation. Seven members of President Bush's Cabinet and Federal Reserve Chairman Ben Bernanke made the trip to engage their Chinese counterparts on some of the key issues of the day.

At the first Dialogue, topics ranged from energy security to rural health care. We reaffirmed our commitment to promote balanced growth and prosperity through macroeconomic policies such as China's exchange rate regime reform and increasing the U.S. savings rate. Both sides also agreed on the importance of establishing open, competitive markets, promoting development and job creation, working to increase domestic and international trade and investment, and sustaining development through energy security, environmental protection, and access to health care.

Both sides also agreed to work to bolster the WTO, including a successful outcome for the Doha round. Based on the frank discussions we had, the two sides agreed on work plans for services, investment, transparency, health care, and energy and the environment. The dialogue was not a one-time event. A Chinese delegation will travel to Washington in May.

China is only one example of our engagement in Asia. I could go on at similar length about our relations with Japan – where we are transforming our alliance and cooperating in exploring space.

Or Korea, where we are negotiating a free trade agreement.

Or Indonesia, where we are supporting democracy, cooperating with Indonesian and Australian authorities to combat terrorism, working to fight piracy – real pirates with boats and guns – and trying to prevent an influenza epidemic.

Or Mongolia, where our economic and political engagement have been crucial in helping that country to emerge from 70 years of Soviet-style communism.

You get the point – the United States is committed to active cooperation throughout all of Asia.

**Concluding remarks**

As I stand before you as the U.S. Ambassador to Australia talking about engagement in Asia, I realize a lot of time has passed and the world has changed quite a bit since I was a boy in Memphis. Now that I am half-way across the world from my hometown, I see up-close some of these changes. But I also see how some things will not change.

The U.S. is still committed to lifting people out of poverty, providing stability to the world, and dealing with global challenges. In the 21<sup>st</sup> century much of these efforts will be focused on the Asia-Pacific region. And as we engage in these efforts, the good people of Australia stand side-by-side with the U.S.

I thank you for giving me the opportunity to speak today and I look forward to our great alliance continuing its already substantial efforts to ensure the world, and Asia in particular, enjoys greater stability and prosperity.

Thank you very much